

Challenges and Prospects of Agribusiness in Nigeria: The Missing Link

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ABSTRACT

For about three decades, the Nigerian government had initiated many policies and programs aimed at restoring the agricultural sector to its prominent position in the economy. However, various efforts to encourage investment and export diversification in the agricultural sector have not yielded favorable results. Great potential for investments and export diversification to generate higher economic growth remained untapped, as a result of challenges in the agricultural sector which have to be nipped in the bud. Therefore, this study identified these challenges and made recommendations to be implemented to remove these limitations in order to accelerate the achievement of economic growth and sustainable development in the country. The identified challenges or limitations consist of: marketing problems, infrastructure deficiencies and unstable input and output prices. Measures to lift restrictions must include improvements in downstream commodity activities, environmental management, increased financing and efficiency in agricultural spending. The government should wake up and invest in infrastructure, and such investment must ensure infrastructure development in both urban and rural areas.

KEYWORDS: sustainable, agriculture, development, investments, diversification

INTRODUCTION

Agricultural development is considered key to the economic development of most sub-Saharan countries, including Nigeria. There are several sectors in Nigeria that contribute to the overall performance of the economy. In practice, these are broken down into four broad sectors, namely agriculture, manufacturing, oil/petroleum and services. The agricultural sector is further subdivided into crop production, animal husbandry, forestry and fisheries. Statistics show that agriculture continued to be the largest contributor to GDP over the period 1981-2011, averaging 40.1 percent. Closely followed by the agricultural sector is the service sector with a total contribution of 38.1 percent, of which the private services sub-sector accounts for around 29.0 percent. The petroleum sector was third with an average contribution of 14.2 percent, despite being the largest source of public revenue and foreign exchange earnings for the country. This indicates the relatively low degree of interdependence between the petroleum sector and other branches of the economy. The

foregoing shows that agriculture is vital to Nigeria's economic growth and that more efforts should be made to revitalize the economy and significantly reduce poverty levels in order to transform the agricultural sector.

Previously, agricultural activities and foreign trade drove the economy's growth performance. During the pre-independence era, the Nigerian government was able to carry out investment projects through income from agricultural exports. In the 1940s and 1950s, Nigeria's agricultural exports accounted for over 70 percent of total annual merchandise exports (Ekpo and Egwaikhide 1994; Oyejide 1998; Okoruwa et al. 2003). Back then, agricultural products dominated Nigeria's non-oil export trade, accounting for almost 70 percent of the value of non-oil exports. Agricultural exports such as cocoa, rubber, cotton, palm products, peanuts and coffee played a prominent role in economic development and provided the necessary foreign exchange for capital development

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projects. However, agricultural export goods were the most important export commodity of the colonial period.

Nonetheless, the introduction of petroleum into the country's export trade had changed this trend. The oil sector, which initially made only a modest contribution to the economy in the 1960s, grew in importance in the 1970s and is now so overwhelmingly important that the economy has become overly dependent on it, providing about 96 percent of foreign exchange earnings, as well as over 60 percent of Household income (CBN 2010). Nigeria has now become a mono-product export nation. Governments have initiated many policies and programs over the decades aimed at strengthening the agricultural sector and restoring it to its place in the economy. Various measures to promote investment and export diversification in the agricultural sector have not brought any significant results. The relative share of the agricultural sector in foreign exchange earnings had declined from an average of about 11 percent in the 1970-75 subperiod to an average of about 2 percent in the 1991-95 subperiod (CBN 2003). Efforts to reverse the trend do not appear to be having the desired results, as oil continues to dominate the country's exports, while agricultural exports have remained below 5 percent of Nigeria's total exports in most years since the introduction of the Structural Adjustment Program (SAP). (Oni 2007, 2013).

Despite government efforts to revitalize the agricultural sector to provide food for subsistence and raw materials for industrial use, but also for foreign exchange earnings and job creation. The capacity utilization of the country's agriculture-related industries has fallen significantly, mainly due to the insufficient supply of raw materials. The linkage of the agricultural sector with industry was very weak. It is vital for the nation to maintain the balance between the raw material needs of industry, the needs of the people and the supply of raw materials. The National Economic Empowerment and Development Strategy (NEEDS) had emphasized the need for the country to reduce its reliance on exporting crude oil for its foreign exchange. The emphasis was on the fact that petroleum is a non-renewable product. Diversification into non-oil products such as agricultural exports is required to expand foreign exchange earnings sources. From the perspective of sustainable agricultural growth and development in Nigeria, one of the main limitations is the old-fashioned nature of agricultural production with its low productivity, poor responsiveness to technological change and low return on investment. It is recognized that agricultural

investment and commercialization are the key strategies to promote accelerated modernization, sustainable growth and development and hence poverty alleviation in this sector. However, in order to attract investment in agriculture, it is important that the challenges that are hampering the performance of the sector are identified in order to eliminate them and create a favorable investment environment in the sector.

In general, agricultural products are recognized as having agricultural and industrial value and great export potential, as they can provide food for the entire population and income for farmers and many economic actors involved in the marketing of agricultural products. The agricultural sector is the main source of raw materials for the industrial sector as well as the main source of foreign exchange earnings outside of the oil sector for the nation. Significant growth potential for agricultural products can be exploited. Potentials include generating export revenue through increased cultivation of crops, generating higher incomes for workers and entrepreneurs engaged in small-scale industries, as well as in large agro-based industries using agricultural products as raw materials. Also the production of food such as vegetable oil, which is mainly imported, can be obtained from the industrial processing of agricultural products. Given the untapped investment and export potential of agricultural commodities, some pertinent questions arise. What are the challenges/constraints for agricultural development in Nigeria? How can these identified barriers be removed to allow the sector to thrive? What policies should be implemented to improve the performance of the agricultural sector? Therefore, this study examines the challenges and potentials of agriculture in Nigeria to provide recommendations that can help improve the performance of the country's agricultural sector, which in turn will boost economic growth and development.

Challenges in Nigeria's agricultural sector

Several factors have been identified by various scholars as the elements that pose obstacles to the performance of the agricultural sector in the economy. It is important that these factors are known to enable the recommendation of appropriate strategies that will eliminate these challenges and also assist in the design, development and implementation of policies that will accelerate the performance of the agricultural sector. In view of this, the following factors pose barriers or constraints to the performance of the agricultural sector:

1. Marketing issues

Marketing is about bringing the agricultural products from the farmer to the end consumer. It helps increase production by boosting demand, expanding agribusiness, and facilitating industrial growth. For marketing to play this important role in increasing agricultural production effectively, due consideration must be given to a few elements of marketing that have been empirically found to affect the performance of the agricultural sector:

1. Problems of agricultural marketing
2. Agricultural products
3. Pricing of agricultural products
4. Distribution of agricultural products

Agricultural marketing problems

Various studies in both developed and developing countries have shown that agricultural marketing problems can have a significant impact on the performance of the agricultural sector. The factors that are regularly cited in the literature as problems in the marketing of agricultural products can easily be divided into three categories: problems related to production, distribution and pricing (Ejionueme & Nebo, 2014; Uturu, 2002; Ugwuanyi & Ugwuanyi, 1999; Okuneye, 2012; Dayo et al., 2009; Kohl & Uhl, 2002). Production related problems. Refers to the problems related to the production of agricultural products. These are land tenure system, soil fertility, fire, flooding, irrigation, inclement weather, pests, and lack of agricultural inputs such as capital, fertilizers, improved seedlings, and modern technology. Distribution-related problems. These are restrictions related to the transfer of product titles between channel members or the marketing logistics such as transportation, storage, and market stalls that support the movement of agricultural produce from farms or ranches to market. Price-related issues: These are issues related to the pricing of agricultural products, such as high production and distribution costs and farmers' inability to control prices due to the perishability, homogeneity and seasonality of agricultural products.

Agricultural products

Nature of agricultural products: Agricultural products are perishable compared to finished products, bulky, homogeneous/undifferentiated, raw/unprocessed, non-standard in quality, difficult to predict production quantities, geographically concentrated, seasonal (Ejionueme & Nebo, 2014; Uturu, 2002 ; Kohl & Uhl, 2002). Perishable: Most agricultural products such as yams, cassava, fruits and vegetables do not have a long shelf life. They spoil and spoil after a while some within a day or two and others like rice, beans and cocoyam after a few months. This situation

affects the quality and quantity of these products and poses a very serious challenge to agricultural marketing in Nigeria due to the lack of electricity, preservatives, processing and storage facilities.

Bulky: Agricultural products are bulky compared to finished products. That's because they come in the raw state and most of them have a moisture content and farmers don't reduce their size during harvest. For example, plantains and palm fruits are not typically reduced in size during harvest. Because of this, storage and transportation costs are usually high compared to their monetary value.

Homogeneous: Despite differences in quality, agricultural products are generally considered to be similar, homogeneous or largely undifferentiated. This complicates differentiation and branding efforts, leading to difficulties in applying advertising and other marketing tools to selling the products. Buyers have little reason to choose one farmer's product over another. This means that every farmer gets roughly the same price for the same product quality. There is little individual farmers can do to raise the general price level of their produce, although some farmers with superior marketing skills fetch higher prices than others for produce of similar quality. For example, there are opportunities for farmers to add value to their products and this can be achieved by changing the production process to differentiate their products. **Raw or Unprocessed:** Agricultural products, by their very nature, have not undergone any serious processing. Since they are farm grown, they are natural and come in raw form. Some of these products need to be cleaned and processed into specific forms before they are suitable for human consumption.

Special quality: The quality of agricultural raw materials varies from year to year and from season to season. In some years the growing conditions are such that the harvest is generally of high quality. This means unfavorable conditions can prevail and the harvests are of significantly lower quality. Farmers and food marketers rely on standardization and grading to sort and rank agricultural produce of varying quality.

Difficult to predict production volume: The production of most agricultural products depends on weather conditions, pests, diseases and soil chemistry, which are difficult to predict. As a result, growers find it difficult to make a fairly accurate estimate of yield levels during the planting season.

Seasonal: Some agricultural products are produced more or less continuously throughout the year, e.g. B. eggs and milk, while others, z. B. Grains are seasonal and are harvested once a year. Their marketing

challenges are correspondingly different. For those that are harvested once a year (i.e., highly seasonal produce), storage facilities, if any, become nearly full during part of the year and nearly empty at other times. This means that there is an oversupply in the high season and an acute shortage in the low season.

Geographically concentrated: Although all states produce a wide variety of agricultural products, there is increasing geographical specialization of agricultural production due to climatic conditions and other natural environmental factors. Each region tends to specialize in the production of commodities that its resource base is best suited for.

Agricultural product quality: This refers to the sum of properties of a commodity that affect its acceptability and value to many buyers, and hence the price they are willing to pay for it. It is also a product's ability to perform as expected.

Standardization and Sorting: Standardization describes a uniform quantity, quality, type, size and weight of a product. It concerns the development and use of constant measures of the quantity and quality of different goods. Standardization is a quality control measure to ensure products are not adulterated. Rating is the actual grading of a product according to established standards or scales for easy identification and purchase. packaging and branding. Packaging is the container or wrapping of the product, while branding is the identification of a product with a name, trademark, symbol, or design, or a combination thereof, to differentiate one seller's products or services from another.

Pricing of agricultural products

This is the monetary value of a good or service (Pride and Ferrel, 1995). It is the money paid or agreed upon in exchange for a product. Prices and price decisions are variables in agricultural marketing. Even if all other elements of agricultural marketing are correct, if the price is wrong, neither the buyer nor the producer will be willing to barter. The price determines demand and supply. Due to the homogeneity of agricultural products, prices are often determined by supply and demand. Farmers take prices instead of setting prices. Similarly, prices often fluctuate due to the seasonality of some agricultural products, resulting in low peak-season prices and high off-season prices. Storage, transportation, off-season sowing, export, improved seedlings, processing, and guaranteed minimum price are all effective strategies farmers can employ to get better prices in the harvest season (Ejionueme & Nebo, 2014). Production and distribution costs, markups, discounts, and competition are price variables examined in this study.

Distribution of agricultural products:

Distribution is the route taken in transferring ownership of a product from the first owner, in this case the farmer, to the ultimate owner, the consumer (Ejionueme & Nebo, 2014). All agricultural marketing efforts are in vain if produce from farmers' orchards, ranches, or farms doesn't get to the consumers who need it. In fulfilling delivery functions, products and their titles follow specific paths or routes from producers to consumers. These avenues are called distribution or trade channels. The distribution function creates form, time, place and ownership of products. Geographical specializations are common in agricultural production, so products must be moved from surplus areas to shortage areas using channel members and key logistics such as transportation, packaging, and storage facilities. These facilities (storage and transport) are important distributional variables examined in this study. Storage. This is a marketing function where farm products are collected in a warehouse from time to time until they are needed by consumers. It helps agricultural marketers hold surplus produce during harvest season and protect produce from adverse weather conditions.

2. Storage and Processing

The lack of adequate storage and processing facilities explains the divergence between national food security and household food security. Even if all food production appears reasonable at an aggregate level, unless the food is available for consumption at the right time and in the right form, it will not result in a significant improvement in food security. While food has to be consumed daily, production has a different specific time profile. Storage and processing are crucial to ensure that the goods produced in a given period of time are available for consumption anytime, anywhere. A significant amount of produce harvested in Nigeria spoils due to a lack of storage and processing facilities. Simple, efficient and inexpensive technologies for perishable goods such as roots, tubers, fruit and vegetables are not as well developed in the country as storage technologies for grain and legumes. Consequently, post-harvest storage losses are very high, about 40 percent for perishables compared to about 15 percent for grains and legumes. Traditional storage facilities have certain shortcomings, including a low, elevated base that allows easy access for rodents, wooden floors that could be attacked by termites, weak support structures that are not moisture resistant, and inadequate loading and unloading facilities. In geoeological zones, most farmers only store part of their harvest for consumption. They sell part of their crop ahead of schedule to raise cash for their

immediate financial obligations, including in some cases repaying the production loan to the middlemen.

3. infrastructure deficiencies

Infrastructure here refers to physical infrastructure such as road and rail systems, educational and healthcare facilities, water and power supplies, and communication systems. The performance of the agricultural sector in Nigeria is severely impaired by the lack of infrastructure. In rural areas, where the majority of small farmers operate, inadequate infrastructure poses a major challenge to agricultural sector efficiency. In most parts of the country, physical infrastructure is poor, storage facilities are rudimentary, and access to information and resources is strongly restricted. Poor infrastructure translates into limited access to markets, reducing the availability of agricultural products in many areas and reducing farmers' incomes. The physical infrastructure challenge stems from government neglect, poor governance, poor political leadership, poor maintenance culture, and poor funding. With regard to road infrastructure, efforts by the Agricultural Development Programmes, the Directorate for Food, Roads and Rural Infrastructure, the National Agency for Agricultural Land Development and the Petroleum Trust Fund have failed to ensure good road networks in the rural areas where most of the agricultural activity takes place. The railway system, which is expected to remedy the situation, has also been suffering for years, restricting the movement of agricultural inputs and outputs onto the road system, which is terrible. The roads that are built often do not last up to five years before developing potholes due to poor construction and maintenance. As far as educational and healthcare facilities are concerned, these are largely urban in character. The drinking water supply was not sufficient for the majority of rural communities. The power supply is epileptic and the communication system is still poor. Although the recent expansion of the Global System of Mobile Communication (GSM) infrastructure and Internet services has improved the communications situation to some extent, the services are city-focused and too expensive for the average person.

4. Agricultural work

Labor availability affects the use of arable land in the traditional farming system. Since agriculture in Nigeria is virtually non-mechanized, human labor becomes vital in all production systems, accounting for about 90 percent of all farms. In semi-mechanized systems, including animal propulsion, human labor accounts for up to 70 percent of all operations (NISER, 2001). Although farming is largely labour-intensive, farmers in general often suffer from

seasonal labor shortages. Labor supply is affected by the continuous migration of young people from rural to urban areas, leading to labor shortages, especially at peak times when labor is needed for land preparation, weeding and harvesting. The lack of hired labor has increased labor costs, making this work unprofitable for the average smallholder. The migration problem has been exacerbated by the low agricultural productivity of small farmers and the perception of young adults in farming families that the farm cannot support them and their livelihood (Chemonics, 2003).

5. Technical Limitation

Technical challenges in Nigeria affect both the upstream and downstream segments of agriculture. The limitation manifests itself in poor technology, poor quality of raw materials and insufficient supply of modern inputs. The main causes of the restrictions are poor government support, poor government policies, poverty, lack of awareness, insufficient research, and increases in the prices of inputs. Poor government support and policies restrict the emergence of innovation from research institutes, thereby limiting the level of technically feasible and efficient agricultural practices. Even when they are available, there seem to be communication gaps between the farmers (end users of the research effort) and the researchers. Despite the existence of a unified agricultural advisory system, coordination between researchers, advisors and farmers is still insufficient. This situation is exacerbated by the low producer-to-farmer ratio, which is around 1 in 1000. The poverty rate among farmers, which is highest in the economy, also contributes to the persistence of technical constraints in Nigeria. Therefore, farmers are unable to absorb new innovations aimed at increasing their productivity, and therefore their production. The low level of productivity leads to a vicious circle of poverty and thus to a low level of production. Technical constraints continue to be supported by high input prices due to inflation in the economy and reliance on crude oil exports and excessive imports of consumer goods.

6. Shortcomings in previous strategies and programs

Attempts to improve the performance of the agricultural sector in Nigeria, such as Operation Feed the Nation, the Green Revolution program and other commendable agricultural sector intervention programs have emphasized increasing production without corresponding efforts in post-harvest management, which has to do with marketing. Neither of them treated the various aspects of the post-harvest system, such as processing, packaging,

storage, distribution and transport, in isolation from the other. No effort has been made to make the system comprehensive and holistic in its administration. In fact, the marketing of agricultural products has been completely neglected. The industrial use of agricultural raw materials is also restricted by insufficient linking of agriculture with industry. Each program followed a random implementation that causes more problems without achieving the expected goals. Although most programs resulted in seasonal increases in agricultural production, poor agricultural marketing practices and a generally low level of industrial use always resulted in significant agricultural waste, food losses, a reduction in available food, a restriction in its distribution throughout the year, and also a Reduction in employment and rural income. The difficulty faced by the local industrial exploitation of agricultural commodities is to initiate and maintain the momentum for the diversification of agricultural commodities into agribusiness for conversion into high value-added products in order to realize and optimize the high growth potential that undoubtedly exists agricultural commodities. This remained an issue given the deteriorating state of rural infrastructure, which hampered the effective linking of agriculture and industry. This undoubtedly makes investment unattractive for the private sector and thus limits the country's agricultural development. The dangerous reliance on a narrow range of products for income and foreign exchange earnings has a number of unfavorable consequences for the economy. First, it officially exposes farmers to the vagaries of climate, pests and diseases, and price fluctuations. Second, it leads to fluctuations in farm income and government revenue. Third, it contributes to environmental degradation. Fourth, it can lead to the underutilization of complementarities (e.g. between livestock and crops) and has negative impacts on the nutrition, food security and well-being of Nigerians. In addition, an unfavorable international trade condition for the primary agricultural commodities sector is another obstacle to the growth of the sector. There is a clear need to diversify the manufacturing and export base, both horizontally and vertically, from lower value-added products to higher value-added products. High growth potentials and opportunities available in diversification of agricultural commodities for agribusiness to produce high value-added products have been limited and therefore untapped in Nigeria due to irregular supplies of commodities from agricultural sector to agribusiness companies.

Prospects for investments in the agricultural sector

Investors are always willing to invest their money in attractive companies. Indeed, in Nigeria, the new agricultural policy has identified seven investment areas. These are agricultural production (crops, livestock, fisheries and agroforestry), provision of business-specific infrastructure, storage, processing and marketing of agricultural produce, supply and distribution of agricultural inputs, support for agricultural research, provision of farm equipment rental services and Working with state and local governments and farmers to implement the Research Extension Farmer Input/Marketing Linkage System (REFILS) in the states. Manyong et al. 2003 also identified thirteen investment opportunities, including manufacturing and utility companies, staple food manufacturing companies, industrial crop production, livestock companies, fisheries, forestry, commodity processing and storage companies. Others are agricultural commodities marketing, agribusiness/manufacturing, agricultural commodities export and agricultural support services. Perceptions from various stakeholders indicate that foreign investors would be attracted to activities/enterprises that are capital intensive and add value to primary products (Manyong et al. 2003). In this context, downstream activities are relatively more attractive to foreign investors. Upstream companies and agricultural services are relatively more attractive to local investors. *Across the six geopolitical zones of the country and companies, three main reasons for the attractiveness of companies to foreign investors are emerging. These are a high level of demand, availability of raw materials/inputs and a high rate of return. All this points to the economic viability of the various companies. However, there are certain reasons for the attractiveness of businesses in the zones. Identified as one of the reasons for the attractiveness of raw material processing for foreign investors. Similarly, infrastructure and high perishability of agricultural commodities are seen as incentives for foreign investment in agricultural commodities storage. The three main incentives for domestic investment are high demand, high yield and availability of commodities. However, the huge capital requirement is a disincentive for domestic investors to invest in a manufacturing/utility company and an agricultural commodity processing company. Similarly, land fragmentation in both the Southeast and the South is a major stumbling block for domestic investor involvement in forestry ventures.

Crop production

It is important to note that the massive import of various foods and the seasonal shortages of corn sorghum and millet are signs that grain production is insufficient. There has also been a need to increase production of other crops, as underscored by the President's initiatives to produce and export cassava, vegetable oil, tree crops and cotton. Crop production still provides good opportunities for private sector initiatives.

Live Stock Production

Private sector initiatives on poultry production and the breeding and rearing of small and large ruminants are common although most establishments may be described as small-scale farms. Poultry production can be described as the leading private sector driven agricultural enterprise. The enterprises were sustained on cheap poultry feed predicated on cheap maize imports from the United States of America. The ban imposed on the importation of maize in the 1980's and the attendant escalation of feed prices dealt death blows to most "backyard" poultry enterprises. At a point, only those producers who formulated their own feed were able to stay in business. Poultry production has since been revived but the demand for poultry products has remained far above supply necessitating the importation of frozen chicken and beef. The current ban on the importation of frozen chicken and beef should thus create even greater investment opportunities for the private sector in the poultry industry. The poultry industry nonetheless depends almost entirely on the importation of exotic breeds of parent stock of birds - a situation that can hardly be sustained by the farmers and by the economy. The need for the private sector to support research to develop truly Nigerian breeds that are comparable in attributes to the foreign imported stock creates important opportunity to invest. Another aspect of the livestock industry that appears to have been ignored is dairy production. It is evident that herdsmen for lack of market pour large quantities of milk away each day. Yet, the market for dairy products appears vast in Nigeria. Milk collection and processing is however an area yearning for private sector attention. The establishment of feedlots especially close to the main urban centers where incomes have risen and the demand for high quality beef should provide opportunities for viable private sector initiatives.

Fish production:

The demand for fish far exceeds the supply and therefore fish is relatively scarce and expensive. Investing in culture and fishing by the organized private sector is the only hope for rapid expansion of fish production to meet rising demand. Given that

culture and capture fisheries are both capital intensive, private sector involvement is urgently needed. Identified private sector investment opportunities include:

- Development of large-scale aquaculture and industrial fishing, including the acquisition of industrial fishing trawlers;
- Development of fishing infrastructure such as fish hatcheries, construction of fishing terminals and fish piers in large fishing settlements;
- Local production of fishing aids such as nets, fishing vessels, boats, hooks and lines, floats and plummets;
- fish processing, marketing and distribution facilities;
- Development of fish feed mills.

Input supply

The production, distribution and delivery of agricultural inputs provide opportunities for viable private sector initiatives. Opportunities are increasing for agribusinesses that serve and sustain farms through the production, distribution and delivery of various categories of inputs, such as: e.g.:

- Fertilizers and other agrochemicals (pesticides, herbicides and fungicides). About 95 percent of the agrochemicals used in Nigeria are imported since multinational companies withdrew from Nigeria during the Abacha regime (Nwosu, 2004). Demand for agrochemicals is increasing, providing viable opportunities for local production of agrochemicals.
- Improved Seeds and Seedlings: The time has come for the emergence of seed companies offering improved seeds to the up-and-coming large-scale commercial grower. The market for improved seeds has remained largely untapped.
- Day-old chicks: The demand for day-old chicks has remained largely unsatisfied, especially in the eastern parts of the country. Poultry farmers in the East go as far as Lagos and Ibadan to source day-old chicks.
- Fish stick seedlings: oil palm, cocoa, horticultural crops.

Processing of agricultural products for domestic and export markets

The processing facilities for the export goods such as cocoa, rubber, palm kernels, cotton, peanuts, tobacco and wood are insufficient. There are also very few processing plants for the perishable fruit and vegetables. Lagos-based Chi Group, which produces

fruit juices, appears to have successfully integrated its own cultivation and contract cultivation system with processing. The existing ban on fruit juice imports is intended to improve investment opportunities for the private sector. In addition, there is a large and increasing demand for processed agricultural products in the Nigerian market and in the ECOWAS sub-region. There is also a growing overseas market for various types of Nigerian foods, which are favored by the large number of Nigerians living in Europe and the US, other West Africans and even African Americans. Food processing, marketing and trade offer opportunities that should be seized by the private sector. The opportunities presented by the United States' African Growth and Opportunity Act (AGOA) should be explored. The law eliminates existing Uruguay Round quotas for Nigeria and other African countries on many commodities, particularly agricultural products from sub-Saharan Africa. In addition, the Generalized System of Preferences (GSP), which gives lower tariffs to a large number of products entering the US market, will be enforced for Africa by 2008. However, there is a need to educate Nigerian entrepreneurs on the terms of AGOA so that they can take advantage of the high export opportunities of products such as ginger, gum arabic, sesame, cashew, leather and hides, cocoa, rubber, African honey, flowers, spices and vegetables be able. The export trade in these raw materials, in turn, offers opportunities for private sector initiatives (Oni, 2013).

The Missing Link (Recommendations)

- The government should invest heavily in infrastructure development that encourages private investment in all aspects of agriculture and facilitates the linking of agriculture and industry. The rural electrification program should be intensified to cover all rural villages in the country.
- Improving downstream agricultural commodity activities: Primary activities, which include growing and harvesting, represent upstream agricultural commodity activities that produce primary commodities. This is followed by some essential secondary or post-harvest activities that represent downstream activities. These secondary activities are important in adding value to the primary product, improving its quality and making it less perishable. In general, downstream commodity activities improve market opportunities for agricultural products and promote their commercialization, thereby increasing not only their competitiveness but also the return on their investment. Key downstream commodity activities include: storage, processing into intermediate or final products (finished products), and marketing and distribution through domestic and export trades. Key supporting intermediary services for these downstream activities include adequate infrastructure (physical, economic and social), efficient financial institutions, adequate human capital, relevant local organizations (e.g. community-based organizations, farmer organizations, etc.), transportation services, and commodity grading and quality control services.
- Improving agricultural production, processing and trade through improved access to resources such as land, technology (enhanced inputs), credit and training. The introduction of modern farming practices such as planting improved seeds and seedlings, using agricultural chemicals to control pests and diseases, and using tractors to reduce toil and increase yields should be facilitated by helping farmers acquire improved technology get supported. Small-scale irrigation in all agro-ecological zones of the country should be promoted and strengthened.
- The government should keep up its efforts to achieve a stable macroeconomic environment, which is largely reflected in price stability. On the social front, the government should ensure safety of life and property to attract domestic and foreign investment to the sector.
- Increased support for agricultural research and extension: There is a need to strengthen agricultural research activities through increased and stable funding, adequate coordination, strengthening links between research centers and adequate training of research and technical personnel in skills. Research systems need to identify new mechanisms to find out why farmers do what they do, what research needs and priorities they have.
- Job and income generation should be improved by promoting the diversification of the rural economy. The government should support capacity building among small farmers and facilitate links with large processors and manufacturers that use agricultural commodities in order to develop long-term contractual arrangements between them. In addition, the government should promote value-added agriculture in order to provide impetus for the creation of wealth and jobs.
- Increased funding for the agricultural sector to improve the efficiency of institutional agricultural development agencies. Agencies' functions should

be streamlined to ensure adequate funding for their core functions.

- Environmental management: Increased investment in the agricultural sector and the resulting commercialization of products will most likely pose an increased risk of environmental damage, either through soil degradation, pollution of the ecosystem by the effluents of processed agricultural commodities, or depletion of agricultural resources. Maintaining the agricultural environment requires the adoption of the following strategies: Promotion of appropriate cultural practices associated with various commodities recommended by developers of improved technology packages. Adoption of post-harvest processing technologies that minimize waste and control pollution. Use of arable and mixed livestock farms that prevent and minimize soil degradation.

To sum up, the potential for domestic and foreign investment in various agricultural ventures in the different zones of Nigeria is high given the country's large population, availability of abundant resources and raw materials and the opportunity to earn good returns on investment. Efforts being made to ensure effective implementation of the above recommendations will yield quick wins in stimulating the flow of investment into the agricultural sector. This will pave the way for revenue diversification, higher income, job creation and poverty reduction in the country.

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